

Congress of the United States
House of Representatives

April 25, 2017

The Honorable Sonny Perdue
U.S. Secretary Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

The Honorable Wilbur Ross
U.S. Secretary of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Mr. Stephen Vaughn
Acting U.S. Trade Representative
600 17th Street, NW
Washington, DC 20508

Dear Secretary Perdue, Secretary Ross, and Acting Trade Representative Vaughn,

I appreciate the multiple conversations I have had with the Administration regarding the issues that Wisconsin dairy farmers are experiencing when trying to sell their goods in the Canadian market. As you know, the situation has continued to deteriorate. This month 75 dairy farmers in Wisconsin received notice that their buyer would be dropping them due primarily to the escalating nature of this longstanding dispute with Canada.

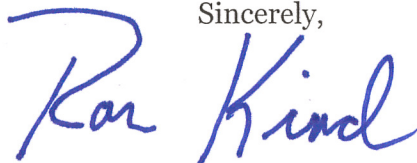
For over forty years, Canada has used a government-run supply management system in its dairy sector, which sets both milk prices and production quotas in order to restrict production to the set amounts. Canada and the U.S. alike restrict imports of dairy products using tariff rate quotas (TRQs) as permitted by the World Trade Organization (WTO), which allow access to the domestic market at a reduced rate up to the limit. Imports beyond the quota limits are generally tariffed at high levels – essentially prohibiting imports beyond the limits. While both the U.S. and Canada protect their domestic dairy programs via TRQs, Canada's dairy trade barriers are significantly higher than those in the U.S.

At the root of this problem are the unfair tariffs Canada puts on U.S. dairy products. Under NAFTA, Canadian tariffs on U.S. products, roughly double those in the U.S., were to be phased down to zero by 2003. However, Canada chose to argue that WTO's General Agreement on Tariffs and Trade (GATT) provisions, which allow for a slower rate of reduction in tariffs and provide increased access to all nations, not just the U.S., supersede the trade agreement between Canada and the United States, meaning Canada's dairy policies remain unchanged by NAFTA and have never provided the benefits promised to Wisconsin dairy farmers they deserve. As you renegotiate NAFTA, you should prioritize enforcement of current trade deals in a way that levels the playing field for Wisconsin dairy farmers.

It is important to realize that Wisconsin's dairy problems with Canada cannot and will not be solved by building trade barriers here at home – they can only be solved by breaking walls down elsewhere. Canada's closed market proves one thing – Canadian dairy producers are afraid of American competition. As is true in most areas of our economy, when Wisconsin dairy competes on a level playing field, they succeed. Wisconsin dairy farmers are in need of immediate help to ensure they are not negatively impacted by the most recent policy changes from Ottawa, which leaves 75 Wisconsin farmers without a buyer for their milk.

Wisconsin dairy farmers need your help – not building new barriers to trade here at home, but knocking them down in Canada. The President campaigned to make trade work better for American families, farmers, and workers, yet for dairy farmers in my district, their competitiveness abroad has only deteriorated since President Trump took office. On May 1, these farmers could lose their livelihood. I request that by that time you share with my colleagues and me an interagency, comprehensive plan to address both the short-term impact of this particular shock caused by Canadian protectionism and a longer-term plan to break down these longstanding barriers on our northern border.

Sincerely,

A handwritten signature in blue ink that reads "Ron Kind". The signature is written in a cursive, flowing style. The "R" is large and loops around the "on". The "Kind" is written in a similar cursive style.

Ron Kind
Member of Congress